

Accounting Controls:

- Grant Revenues and Cash Receipts
- Purchases and Cash Disbursements
- General Ledger and Financial Reporting

Controls used in administering compliance with Laws and Regulations:

General Requirements:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug Free Workplace Act
- Administrative Requirements

Specific Requirements:

- Types of services allowed
- Eligibility
- Federal Financial reports and claims for reimbursements
- Specific Requirements of the grant

For all the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors and the management of the New Orleans Aviation Board. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



New Orleans, Louisiana

September 15, 1997



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors of
The New Orleans Aviation Board

We have audited the cost statement of the Land Grant FVA Project Number 3-03-0037-19 of the New Orleans Aviation Board (the Project) for the grant period ended August 30, 1997, and have issued our report thereon dated September 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards, "Government Auditing Standards" issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the cost statement is free of material misstatement.

In planning and performing our audit of the cost statement of the Project for the grant period, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the cost statement and not to provide assurance on the internal control structure.

The management of the Project is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with a reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of cost statement in accordance with the grant agreement. Because of inherent limitations in any internal control structure, errors, irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,
REGULATIONS, CONTRACTS AND GRANTS BASED ON AN AUDIT OF THE
COST STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
the New Orleans Aviation Board

We have audited the grant agreement of the Land Grant FAA Project Number 1-23-8037-19 of the New Orleans Aviation Board (the Project), for the grant period ended August 30, 1997 and have issued our report thereon dated September 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the cost statement is free of material misstatement.

Compliance with laws, regulations, contracts, and grant agreements applicable to the Project are the responsibility of the Project's management. As part of obtaining reasonable assurance about whether the cost statement is free of material misstatement, we performed test of the Project's compliance with certain provisions of laws, regulations, contracts, and grant agreements. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test indicate that, with respect to items tested, the Project complied, in all material respects, with provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the project had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Directors and the management of the New Orleans Aviation Board. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

New Orleans, Louisiana
September 15, 1997

NOTE 3: As of August 30, 1990 Local Grant 19 had a remaining FAA eligible portion of \$249,821. (See accompanying schedule below)

GRANT 19 FUNDING

| | |
|-----------------------------|-------------------|
| Federal Funding: | 33,424,676 |
| Spouse: | <u>1,191,538</u> |
| Total: | 4,566,214 |
| Cost to date: | <u>14,233,160</u> |
| Balance: | 333,054 |
| Percentage Paid by FAA: | <u>32%</u> |
| FAA Eligible portion | 149,821 |

Note 4: The FAA requested immediate closure of Project No. 3-22-0033-19. The parcels that were not required were transferred to a holding area for the parcels until funding could be provided. Once FAA funding was provided these parcels were transferred to grant 23.

NOTES TO THE COST STATEMENT

NOTE 1: The Federal Aviation Administration (FAA) had estimated the total cost of Lead Grant 19 to be \$4,266,214. The FAA reimburses the NDAH for 75% of all eligible cost associated with the grant. The other 25% and 100% of ineligible costs are matched by the NDAH with local funds. Currently, total actual costs (eligible and ineligible) incurred to date are \$4,285,673, which leaves the project with a balance of \$289,561.

| | | |
|----------------------|---------------------|----------------------|
| Total Project Amount | | \$4,266,214 |
| Total Cost: | | |
| Eligible | \$4,233,140 | |
| Ineligible | <u> (52,511)</u> | |
| Subtotal | | <u>(\$4,285,673)</u> |
| Project Balance | | <u> \$289,561</u> |

NOTE 2: Under Lead Grant 19 the FAA reimburses NDAH for 75% of all eligible cost associated with the grant. The total eligible costs incurred to date are \$4,233,140. The FAA's total portion due to the NDAH is \$3,174,855. Of that amount, the FAA has already reimbursed NDAH to \$3,041,629. As of August 20, 1997 the final amount due to the NDAH from the FAA is \$133,196 and the remaining FAA balance is \$248,823. The NDAH expects to receive this reimbursement by September 30, 1997. See Schedule of FAA Reimbursement below:

SCHEDULE OF FAA REIMBURSEMENT

| | |
|---|-----------------------|
| Cost Eligible for FAA Participation | \$ 4,233,140 |
| Percentage to be Paid by FAA | <u> 75 %</u> |
| Total FAA Portion | 3,174,855 |
| FAA Reimbursement To Date | <u> 3,041,629</u> |
| Amount Due From FAA as of August 20, 1997 | <u> \$ 133,196</u> |

BACKGROUND INFORMATION AND NOTES TO THE COST STATEMENT

BACKGROUND INFORMATION

Current Federal Aviation Administration (FAA) policy strongly recommends an airport operator owns fee simple title to all runway clear zones. The New Orleans Aviation Board (NOAB) did not have ownership of all clear zone property. The purpose of the project is to bring New Orleans International Airport closer to full compliance with FAA policy regarding clear zones. The acquisition and removal of all obstructions on the purchased property will reduce hazards to navigation.

The project has identified specific parcels within the clear zones for Runways 1 and 28 for acquisition. This project also includes the removal of obstructions on these properties, which may impede the approach surface. Grant 19 completes the acquisition of property in the south clear zone which was begun with AIP Grants 7-22-0017-15 and -16. After the acquisition of all property in said projects is complete the airport will own fee simple title to all property in the south clear zone with the exception of one parcel. NOAB has an aviation easement over the one parcel not owned in fee simple. Project 7-22-0017-15 will also allow the New Orleans International Airport to begin the acquisition of the remaining parcels in the clear zone for Runway 28.

PARCEL 1518A

Two appraisals were obtained in January 1992, one for \$385,800 and the other for \$881,600. A review appraisal was also obtained and the review appraiser established the value at \$484,248. The owner of the property was given an offer of \$484,248 and declined. The NOAB made an attempt to expropriate the property and the case was dismissed. In 1994 in an effort to acquire the property by voluntary means two more appraisals were performed, one at \$780,600 and the other at \$781,500. The owner of the property agreed to the purchase price of \$780,500, but would not finalize until there was an agreement made to address his other losses, expenses and damages. Thus based on the proceedings, the NOAB requested a settlement of \$860,480. Later an additional increase of \$6,275 was added bringing the total to \$866,755. A letter of concurrence was received from the FAA related to the circumstances and disposition of this parcel.

**NEW ORLEANS AVIATION BOARD
LAND GRANT FAA PROJECT NUMBER 3-22-6897-19**

**COST STATEMENT
FOR THE GRANT PERIOD ENDED AUGUST 26, 1997**

ELIGIBLE COST:

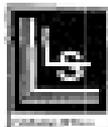
| | |
|--|---------------------------|
| Land, Structure, Right-of-way | \$3,276,515 |
| Relocation Expense | 114,578 |
| Relocation Payments to individuals and businesses | 496,580 |
| Demolition and removal | <u>361,997</u> |
| Total Eligible Costs | <u>\$4,253,670</u> |

See accompanying Notes to the Cost Statement.

NEW ORLEANS AVIATION BOARD
LAND GRANT FAA PROJECT NUMBER 3-21-0045-19
FOR THE GRANT PERIOD ENDED AUGUST 20, 1999

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LUTHER C. SPOIGHT & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The New Orleans Aviation Board

We have audited the accompanying cost statement of the Land Grant FAA Project Number 3-32-4807-19 of the New Orleans Aviation Board for the grant period ended August 28, 1997. This cost statement is the responsibility of the Project's management. Our responsibility is to express an opinion on this cost statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the cost statement referred to in the first paragraph presents fairly, in all material respects, results of the activities of the Project for the grant period ended August 28, 1997 in accordance with the grant agreement.

New Orleans, Louisiana
September 15, 1997



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**NEW ORLEANS AVIATION BOARD
LAND GRANT FAA PROJECT NUMBER 3-22-8033-19**

**COST STATEMENT AND INDEPENDENT AUDITOR'S REPORT
FOR THE GRANT PERIOD ENDING AUGUST 28, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 05 1997

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